

**Department of Agriculture
& Consumer Services**
Fee Changes
Grant Consultation

Joint Legislative Commission on Governmental Operations
Subcommittee on NER and Transportation
October 19, 2010



Steve Troxler
Commissioner

**North Carolina Department of Agriculture
and Consumer Services**
Legal Affairs

David McLeod
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To: Members of the Joint Legislative Commission on Governmental Operations
Kathy Davis, Committee Assistant, Fiscal Research Division

From: North Carolina Department of Agriculture and Consumer Services/NC
Board of Agriculture

Date: October 18, 2010

Subject: Request for Consultation on Establishing a Fee Structure for Ginseng Dealer's Permits
and Export Certificates Needed for Shipment of Ginseng

Pursuant to G.S. 12-3.1, the North Carolina Department of Agriculture and Consumer Services is writing to request consultation with the Joint Legislative Commission on Governmental Operations relating to the establishment of a fee structure for Ginseng Dealer's Permits and Certificates Needed for Export and Shipment of Ginseng issued by the North Carolina Department of Agriculture and Consumer Services-Plant Industry Division.

Background

Based on an internal review of fees, NCDA&CS-Plant Industry Division staff recommended the N.C. Plant Conservation Board consider amending 02 NCAC 48F .0305 to establish an annual license fee for ginseng dealers along with an export certification fee for ginseng that is to be exported. A fee structure would be established for Resident (Unlimited quantities) at \$100, Resident (Limited-Up to 100 pounds per license period) at \$50, and Non-resident ginseng dealers at \$500. Additionally, there is a proposed export certification fee of \$3.00 per pound of ginseng required for each shipment. There were no fees in the original rules.

Explanation

As currently established, the Ginseng Dealer Permit requires ginseng dealers to obtain a free permit prior to purchasing ginseng. Each dealer is required to maintain a record of each purchase of ginseng collected or grown in North Carolina and to make those records available for inspection by a state authorized inspector upon request. Since establishment, administrative and enforcement costs associated with implementation of this regulatory program have significantly increased. As such, the NCDA&CS-Plant Industry Division staff recommended to the N.C. Plant Conservation Board that consideration be given to establishing a fee structure for each Ginseng Dealer Permit issued. The N.C. Plant Conservation Board approved the fee structure for Resident (Unlimited quantities) at \$100, Resident (Limited-Up to 100

pounds per license period) at \$50, and Non-resident ginseng dealers at \$500. At present, all individuals desiring to export or ship any amount of ginseng outside the state are required to obtain an export certificate prior to movement with no fee. The NCDA&CS-Plant Industry Division staff recommended to the N.C. Plant Conservation Board that an export certification fee of three dollars (\$3.00) per pound of ginseng be implemented at the time of the inspection and issuance of the export certificate. This action ensures that North Carolina is consistent with other states and according to our law enforcement partners, the establishment of a monetary fee on the product enhances their opportunities of regulatory enforcement in those instances where poaching is problematic.

Ginseng Fact Sheet

North Carolina Department of Agriculture and Consumer Services-Plant Industry Division

What is Ginseng?

American ginseng (*Panax quinquefolius*) is a North Carolina native plant, found in many parts of eastern United States as well as southern Canadian Provinces (See Figure 1). The American ginseng bears great resemblance to East Asian Ginseng (*Panax ginseng*) which has been used medicinally for thousands of years.

Figure 1: American Ginseng Plant-Generally referred to as a 4-pronger" with ripe berries or seeds

What is the Interest in Ginseng?

Each type of ginseng is thought to have unique healing properties. American ginseng has more "cooling" properties, which make it valuable for fever and respiratory tract disorders. Asian ginseng has "heating" properties, which are good for improving circulation.

American Ginseng has been harvested for generations in North Carolina, apparently extending back to Cherokee days. "Sang" as it is referred to by local individuals, has always been most abundant in the mountain region of North Carolina; however, small

populations are known in scattered locations in the Piedmont. There have even been reports of ginseng from the Sandhills and Coastal Plain.



Figure 2: American Ginseng Dried Roots, ready for export



What are the Concerns Related to Ginseng?

Heavy exploitation of East Asian Ginseng has apparently caused the complete disappearance of the plant from its native habitat in China and the Korean peninsula. Despite the disappearance of the plant, the demand for ginseng and ginseng-derived products continues to grow. Since American Ginseng roots (See Figure 2) appear very similar to the East Asian, the plant is highly prized and is likely filling the gap in Asian market left by the collapse of the wild populations of East Asian Ginseng. Concern over

the native status of American Ginseng has been established by the listing of Ginseng roots and parts of roots under the Convention for International Trade in Endangered Species (CITES). CITES allows for export and trade in species as long as such trade does not jeopardize the

continued existence of the native species. As such, export of American Ginseng is only allowed from states under agreement with the US Fish and Wildlife Service (USFWS). Each year, the USFWS determines if there is sufficient evidence to continue to allow exports to occur from a given state. This determination is based on a number of factors, including protective measures and regulations adopted by each state, as well as evidence of the status of wild populations in each state.

What is the Role of the NCDA&CS-Plant Industry Division?

NCDA&CS personnel inspect American Ginseng and issue export certification paperwork necessary for out-of-state and out-of-country shipments. For comparison purposes, it takes approximately 300 individual roots or more to comprise a single pound of dried ginseng. Prices for dried and green ginseng vary greatly from season to season; however, the current price for dried ginseng ranges from \$400-450 per pound.

Export Totals for Ginseng for 2006-2009 (Source: NCDA&CS-Plant Industry Division)

2006	2007	2008	2009
6,447	12,378	11,402	10,513

Why are Changes Being Proposed in the Regulations for Ginseng in North Carolina?

The U.S. Department of the Interior-Fish and Wildlife Service has shared with our agency their concerns related to the long-term sustainability of American Ginseng, specifically with our current harvest season closure date of April 1 and the ability to harvest roots year-round on private property. As noted by federal partners, of the 19 states approved for export of American Ginseng, North Carolina is the only state that does not close its harvest date by the end of the same calendar year. The agency further notes should it not be able to determine if North Carolina's exports will not be detrimental to the survival of the species in the wild, they may not allow the state's exports to occur.

What are the Specific Changes Proposed by the N.C. Plant Conservation Board for Ginseng? As part of the updates in the lists of protected plants and clarification of permit requirements for collection, propagation, and sale of protected plants, the N.C. Plant Conservation is also proposing several changes in the collection and sale of ginseng. The major changes include the following:

- ◇ The Board has proposed to change the harvest season from September 1 through April 1 to September 1 through December 31.
- ◇ The Board has proposed to eliminate any harvesting of ginseng outside the designated period.
- ◇ The Board has proposed to establish a fee structure for permits. A \$50 fee will be required for NC residents harvesting up to 100 pounds per license period. A \$100 fee will be required for NC residents harvesting unlimited ginseng during the license period and a \$500 fee for non-residents.
- ◇ The Board has proposed to establish the buying season for wild or wild-simulated green ginseng from September 1 through March 31 and wild or wild-simulated dry ginseng for September 15 through March 31.
- ◇ The Board has proposed to establish an export certification fee of \$3 for each pound of ginseng exported.

Agriculture Report to October 2010 Governmental Operations Commission on Grants for FY 2010-11

		FY 2010-11			
Division	Official Grant Title	Grant Description	Funding Entity	Amount	FTE
1 Emergency Programs	CEMS2010 - Revision 1	Funds will be used to continue to build GIS capabilities for the Division of Facility Services, OMES. Funds are used for personnel, supplies, travel, and communication.	DHHS - Office of Emergency Medical Services (OEMS)	\$ 91,000	0
2 Plant Industry	Hebron Road Plant Conservation Preserve - Partners Tract Addition	Funds will be used to acquire additional acreage to add to the existing plant conservation preserve. The preserve supports an existing population of State and federally endangered Smooth Coneflower as well as several other rare plant species.	Natural Heritage Trust Fund	\$ 154,480	0
3 Plant Industry	Rocky River/ Morgan's Bluff PCP & Davidson College Tract	Funds will be used to establish the Rocky River/ Morgan's Bluff Plant Conservation Preserve to preserve the presence of three imperiled plants - Wrights Cliff Crake, Southern Anemone, and Missouri Rockcress.	Natural Heritage Trust Fund	\$ 78,500	0